


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

May 8, 2015

MEMORANDUM

To: Miss Alicia M. Deeny, Principal  
Takoma Park Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2013, through March 31, 2015

Independent Activity Funds (IAFs) of Montgomery County Public Schools (MCPS) are established to promote the general welfare, education, and morale of students as well as to finance the recognized extracurricular activities of the student body. Principals are the fiduciary agents for the IAFs charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fundraisers. They are responsible for ensuring that IAFs are administered in accordance with MCPS policies, regulations, and procedures.

IAF audits are conducted regularly to evaluate compliance with MCPS policies, regulations, and procedures, and to review processes for continuous improvement. Generally accepted audit procedures guide the work of the auditors who examine samples of IAF records and financial accounts selected from documentation of various activities to verify their accuracy as well as to assess the effectiveness of financial control procedures. An IAF audit does not review every transaction or school activity but seeks to provide reasonable assurance that there is compliance with MCPS policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

In our meeting on May 6, 2015 with you, and Mrs. Clity Gordon, financial specialist, we reviewed the status of the conditions described in our prior audit report dated November 8, 2013, and the status of present conditions. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for your school for the period designated above.

Findings and Recommendations

MCPS Form 280-54, *Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (see MCPS Financial Manual, p. 20-4). The purpose of each disbursement must be fully explained on this form in order to properly record expenditures in

appropriate accounts, and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, we found prior approval was not consistently obtained. Many disbursements were made without amounts recorded on MCPS Form 280-54 or with estimates that were considerably less than actual purchase cost, and invoices were not always signed by the receiver. By requiring prior approval as well as complete and accurate documentation, the principal retains control over the expenditure of IAF funds. We recommend that Form 280-54 be fully completed as accurately as possible by staff and signed by you at the time approval is requested. After the purchase is completed, the purchaser should submit the invoice or other documented evidence of the purchase, annotated to indicate the satisfactory receipt of the goods or services, to the financial specialist.

Sponsors of field trips should have a complete class or club roster of student names and annotate how much each student paid, date paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data should be submitted to the financial specialist at the completion of each trip for comparison to remittances recorded in the trip account history report. It should also be used for planning future trips. We found sponsors were submitting completed data at the conclusion of each trip but that data was not being compared to the final account history report. We also found instances in which fees collected exceeded sums needed to pay the total cost of a trip. We recommend that the complete data on MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, provided by sponsors at the conclusion of each trip be used to reconcile with the amount of remittances recorded in activity accounts. We further recommend that the field trip calculator worksheet be used to determine the cost of a trip, and take into consideration any donations received, prior to establishing fees to ensure trip revenue is commensurate with trip expenses (see MCPS Financial Manual, p. 20-10).

Sixth grade students at each middle school in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP) for which they are assessed an activity fee to reimburse MCPS for personal expenses associated with the program. Students unable to pay the activity fee receive waivers. All waivers must be reported to MCPS so that the total amount of the invoice sent to a school is adjusted accordingly. We found that the school collected funds from students who initially were erroneously reported as needing assistance. This mistaken identification resulted in an underpayment to MCPS. Due to incorrect recording of funds collected, the school later provided more money to MCPS than was due. We recommend that you review with the sponsor procedures for reporting students needing financial assistance, and that financial assistance forms are verified for accuracy prior to submission.

#### Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement;
- Purchaser must confirm receipt of goods or services prior to disbursement;

- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and to reconcile funds collected with costs of the trip;
- Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses; and
- Review procedures to report students needing financial assistance.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Dr. Darryl L. Williams, associate superintendent of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Dr. Zuckerman  
Dr. Statham  
Dr. Navarro  
Mr. Sanderson  
Dr. Williams  
Mrs. Chen  
Mrs. DeGraba  
Mrs. Milwit



## Takoma Park Middle School

7611 Piney Branch Road  
Silver Spring, Maryland 20910  
301-650-6444



June 4, 2015

### MEMORANDUM

TO: Roger Pisha, Supervisor, Internal Audit  
Office of Shared Accountability

FROM: Alicia Deeny, Principal *AD*

SUBJECT: Response to Report on Audit of Independent Activity Funds for the Period  
September 1, 2013, through March 31, 2015

The following is the resolution in response the findings on the IAF Audit Report from May 8, 2015.

- Ms. Clity Gordon (Financial Specialist) communicated with staff and school leadership in person and at a meeting regarding the need for purchase requests to be submitted in advance of purchases. Ms. Gordon and I will communicate this with staff again during pre-service week in August 2015. We will put a process in place to address staff members who do not comply with this requirement.
- Ms. Gordon and I have communicated to individuals at the school who receive deliveries regarding their need to sign the deliver receipt and submit it to Ms. Gordon.
- Sponsors currently consistently account for students who have paid and receive scholarships. This is noted on each permission slip received. Ms. Gordon and I will communicate with sponsors during pre-service week in August 2015 the need for them to submit the Field Trip Calculator and Worksheet together with their field trip requests for approval. Also the instances in which fees exceeded costs resulted from donations. Sponsors will now be asked to create an additional "donation" column in the spreadsheets they use to reconcile field trip payments. Donations will be placed in a separate account and used as needed.
- During the summer, administration and Ms. Gordon will meet with the organizers of Outdoor Education to develop a clearer process to address correctly reporting waivers to MCPS so that the final invoice is accurate. We will also contact the office within MCPS responsible for managing Outdoor Education to clarify their timeline for accepting waivers.

We appreciate the assistance and feedback of your staff in the auditing process. Please contact me should you need any further information on the resolution to the finding.

Copy to:  
Dr. Williams